

Congress of the United States
Washington, DC 20515

February 9, 2018

The Honorable Mick Mulvaney
Director
U.S. Office of Management and Budget
725 17th St., NW
Washington, D.C. 20503

Dear Director Mulvaney:

We write in advance of release of the President's Fiscal Year 2019 Budget Request to urge you to exclude any provision that would adversely affect the rates or operations of the Bonneville Power Administration (BPA). BPA is working aggressively with its customers, Northwest regional stakeholders, the federal dam operators and others to address the critical competitiveness challenges the agency is facing. We fear that budget proposals that would increase rates and risks are unproductive – and ultimately threaten the interests of federal taxpayers.

As you recall, last year's budget proposed divesting BPA's transmission assets. The Northwest delegation concluded this proposal would harm individuals and businesses, divert capital needed for further infrastructure investment in the Northwest, and undermine regional utility coordination. For these reasons, we led efforts in Congress to oppose that proposal. It is our hope that this proposal will not be included in the FY 2019 Budget Request.

In addition, past budget requests have proposed changes in the rate structure of BPA, shifting from cost-based to market-based rates. While this proposal may seem attractive given the electric industry's shift toward market structures, it would be costly for both ratepayers and taxpayers. Today, BPA's rates are above market prices. The Northwest is committed to bending BPA's cost curve and taking steps needed to make BPA the provider of choice when contracts are due in 2028. If market rates were imposed, Northwest public power utilities would see no value in continued BPA service. The consequence would be to leave the federal government holding non-economic assets, as well as financial responsibility for fish mitigation costs that approach \$1 billion per year. There would also likely be legal challenges to the proposal since the current power contracts explicitly included cost-based rates.

The entire BPA system—both the capital investment and operation and maintenance—is fully paid for by the users of the system. Divesting these assets to the highest bidder, or changing the rate structure, will merely jeopardize the consistent revenue that BPA sends to the Treasury each year. Furthermore, these changes would lead to certain rate increases for consumers, imposing increased costs on families and economic development.

We urge you to work with us collaboratively to address BPA's competitive challenges rather than pursuing unsound budget initiatives that could cripple the Northwest.

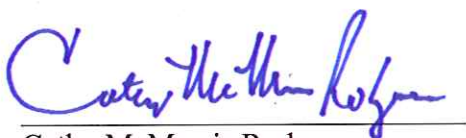
Sincerely,



Jaime Herrera Beutler
Member of Congress



Peter A. DeFazio
Member of Congress



Cathy McMorris Rodgers
Member of Congress



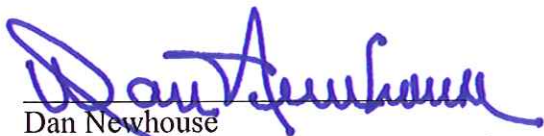
Earl Blumenauer
Member of Congress



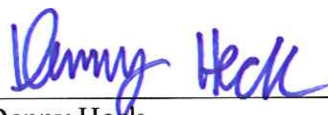
Derek Kilmer
Member of Congress



Suzanne Bonamici
Member of Congress



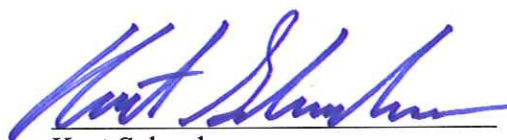
Dan Newhouse
Member of Congress



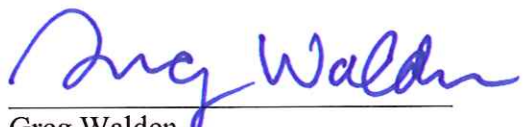
Denny Heck
Member of Congress



Greg Gianforte
Member of Congress



Kurt Schrader
Member of Congress



Greg Walden
Member of Congress



Suzan K. DelBene
Member of Congress

A handwritten signature in blue ink, appearing to read "D. Reichert". The signature is fluid and cursive, with a large initial "D" and a stylized "Reichert".

Dave Reichert
Member of Congress